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Second Chance for FERS

By Mike Causey
Washington Post Staff Writer

Hundreds of thousands of civil servants who missed last year's deadline for enrolling in the new Federal Employees Retirement System will have a second chance to join FERS if they act by the end of June.

The new sign-up option, which is being offered to workers at the Department of Health and Human Services through June 18, will be sent to retirement counselors in other agencies shortly by the Office of Personnel Management. It lets agencies okay late enrollments to FERS and backdate them to Dec. 31.

Last year, all workers covered by the old Civil Service Retirement System had the option to switch to FERS by Dec. 31. Only 2 percent of the 2 million eligible workers (nearly everybody hired before 1984) switched.

But 10 days before the deadline, Congress approved two major changes making FERS more attractive to upper-income workers and thousands of employees who expect to get an (unearned) spousal or survivor benefit under Social Security. Both changes were reported here Dec. 22 and again on Dec. 27. But many didn't get the word because they were on Christmas leave, or had already made a decision not to switch to FERS without knowing of the changes.

The two changes are these:

- First, Congress exempted the tax-deferred investment plan available to employees under FERS from rules covering similar plans in the private sector. The effect of the change was to allow employees to invest up to 10 percent of their salaries (or a maximum of \$7,313 this year) in the thrift plan. Had that exemption not

been approved, federal employees making \$50,000 per year or more would have been subject to the same rules as private-sector investors, and the amount the government workers could have put into the investment this year would have been sharply reduced.

- Second, Congress said anyone switching to FERS by Dec. 31 could get immediate exemption from the so-called Public Pension Offset Law. That law says workers getting a government retirement benefit who also get a spousal or survivor benefit based on their husband or wife's Social Security would have that benefit reduced \$2 for every \$3 they get in public pension. Both changes were approved just 10 days before the deadline.

Under the change, workers covered by FERS for just one day are exempt from the offset. Otherwise, they must be under FERS for five years before getting the pension offset exemption.

Under the second-chance option, employees who certify that they didn't make the change by Dec. 31 but would have had they known of the last-minute congressional action may apply under the Belated Filing Provision. If accepted, their sign-up for FERS will be considered to have occurred before the deadline. The authority for the change is contained in Office of Personnel Management rules 5CFR 846.204.

As other agencies learn of the second-chance option, they may accept enrollments into FERS from employees as late as June 30.

Warning: If your agency personnel office doesn't know about the benefit, bear with it. This is brand new and it may take days or even weeks to get guidance from OPM and set up procedures to process applications to join FERS.

25 April 1988

Handling FERS Switchers

By Mike Causey
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The Office of Personnel Management today will issue special guidelines to agencies on how to process applications from workers who want to switch to the new Federal Employees Retirement System to protect their future Social Security benefits.

Last year the government offered 2 million employees covered by the old Civil Service Retirement System the chance to move into FERS by Dec. 31.

Workers who went into FERS by the deadline gained exemption from the so-called Public Pension Offset law. The law requires reductions in benefits for anyone who gets an unearned (spousal or survivor) Social Security benefit and who also gets a federal, state or local government pension or annuity. These Social Security benefits must be trimmed \$2 for every \$3 in public pensions.

Ten days before the FERS deadline, Congress made the offset exemption official. That was reported here Dec. 22 and Dec. 27, but many employees either didn't believe it, were away on Christmas leave or didn't get the word.

To make amends, agencies, through the end of June, will be taking "belated" FERS enrollments when "an individual was unable, for cause beyond his or her control, to elect FERS coverage" by the Dec. 31 deadline. Employees who make the change will be considered to have complied with the Dec. 31 deadline, although they will not actually go into the new pension plan until at least one pay period later.

In short, it is official. You can get in under the FERS wire if you want to.

Agency retirement offices should have the OPM letter—Number 88-107, dated April 25—sometime this week.

Furloughs?

The National Oceanic and Atmospheric Administration has

a "reprogramming" plan it hopes will stave off extensive furloughs of its 13,000 staff members. Like other agencies, NOAA must trim personnel costs. The Office of Management and Budget is studying a NOAA plan to reduce personnel costs via a hiring freeze and reduced travel and promotions.

Don't Drink the Water

The General Services Administration has shut down drinking fountains at Federal Office Building No. 6, at 4th and C streets SW, after problems were reported in the water there. The building houses workers of the Department of Education and the National Aeronautics and Space Administration. They will be drinking bottled water—supplied by Uncle Sam—until the problem is corrected.

People

David S. Dickinson, former personnel chief of the Peace Corps, has been named chief of the Kennedy Space Center's civilian training and development branch. Before moving to Florida, Dickinson also served with the Federal Labor Relations Authority and the Office of Personnel Management.

Catherine L. Carver, the godmother of records at the Immigration and Naturalization Service, is retiring after 37 years with the government. INS service is something of a tradition in her family. Her father is an INS veteran, and her son is an employee as well.

Insurance Giveaway?

Rep. Tom Lantos (D-Calif.) says the government is paying \$850,000 a year in "risk charges" to life insurance companies that aren't at risk under the federal program. Lantos is chairman of the House employment and housing subcommittee that will hold hearings Wednesday on the federal life insurance program.